MT LEGISLATIVE HISTORY

Chapter 384 1987

Bill (H) 823 S _____ Original bill & hist. ___C

H. Committee on Business & Labor		S. Committee on Business & Industry	
Hearing Date(s) FEB 20	✓C	Hearing Date(s) MAR 12	✓C
_____	___C	MAR 16	✓C
_____	___C	_____	___C
_____	___C	_____	___C
Date Out FEB 20	✓C	MAR 16	✓C

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

EQUIP. CO. INC. 1-800-338-1957

STATUS SHEET

50th LEGISLATIVE SESSION

BUSINESS AND LABOR COMMITTEE

OUSE ILL UMBER	ENTERED COM. DATE	DATE CON-SIDERED	OUT OF COM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMENDED DATE	DO NOT PASS AS AMENDED DATE	BE CON-CURRED IN DATE	BE NOT CON-CURRED IN DATE	BE CON-CURRED IN AMENDED DATE	BE NOT CONCURRED IN AS AMENDED DATE
801	2/18/87	2/19/87	tabled 2/19/87								
802	2/18/87	2/19/87	tabled 2/19/87								
803	2/18/87	2/19/87	2/19/87			2/19/87					
806	2/18/87	2/19/87	2/19/87	2/19/87							
810	2/19/87	2/20/87	2/24/87			2/24/87					
817	3/18/87	2/19/87	2/19/87			2/19/87					
823	2/19/87	2/20/87	2/20/87	2/20/87							
328	2/19/87	2/20/87	tabled 2/20/87								
332	3/9/87	3/16/87	tabled 3/19/87								
147	2/23/87	2/24/87	tabled 2/24/87								
53	3/3/87	3/19/87	tabled 3/20/87								
54	3/3/87	3/19/87	3/20/87	3/20/87							
55	3/3/87	3/19/87	3/20/87	3/20/87							
56	3/3/87	3/19/87	tabled 3/20/87								

a separate sheet for Senate Bills, House Bills, and Resolutions.

MINUTES OF THE MEETING
BUSINESS AND LABOR COMMITTEE
50TH LEGISLATIVE SESSION

February 20, 1987

The meeting of the Business and Labor Committee was called to order by Chairman Les Kitselman on February 20, 1987 at 8:00 a.m. in Room 312-F of the State Capitol.

ROLL CALL: All members were present.

HOUSE BILL NO. 823 - Rep. Carolyn Squires, House District 58 Missoula, introduced HB 823. She said the bill would revise the law relating to group disability insurance. She said this would clarify the coverage under group policies.

PROPONENTS

Mr. Throssell, of the State Auditor's office, explained the bill by the Insurance Commissioner to clarify some provisions of the group disability insurance law. He said there was a question whether newborn infants of children that are under a parents' policy are covered. The 1981 legislature made it clear that it was covered in the individual disability insurance law. Section 1 of this bill extends the coverage to group disability insurance. He said section 2 of the bill is the conversion rights that people enjoy under group disability policies. Currently if the employer ceases business or a member ceases to be a part of the group, there is a conversion right to an individual policy. He said there is a situation where employers have dropped the coverage without having a conversion right. Section 2 would add this as a contingency allowing conversion. Section 3 of the bill amends the law on preexisting conditions that must be covered when a conversion takes place. Sections 4, 5, 6 deal with mandated coverage of mental illness, alcohol and drug addiction treatment. He pointed out that multi-state employers headquartered out of state purchase group insurance for employees in that state that conforms to other state laws. He said that it is legal but residents do not have the benefits of the mandated mental illness, alcohol and drug addiction coverage. He pointed out that the language being proposed in the bill came from the state of Massachusetts. He said the mandated coverage would be applicable upon the issuance, delivery or renew of any group disability policy in the state.

PROPONENTS

Steve Waldron, executive director of the Montana Council of Mental Health Centers, spoke in support of the bill. He said it was the intent of the legislature when the law was written to cover all group plans. He pointed out that some group plans are under it and some are not. He said an out of state company would not have to comply with this. He pointed out emergency situations where people are suicidal or other emergencies and have group coverage insurance and find out later because of a kink in the law they are not covered. He said there were a number of complaints to the Legislative Auditor's Office by consumers.

Ann Scott, administrator of Rocky Mountain Treatment Center of Great Falls, discussed the difficulty of deciding whether to give free beds to people who do not have insurance. She pointed out the high cost per year to the treatment center. She said there was a need to force the big out-of-state employers to have benefits that are comparable to other in-state employers.

Mike Murray, representing 37 chemical dependency programs in Montana, spoke in support of the bill. He said that 7 of them are in-patient programs that would be impacted by the legislation. He pointed out that programs are finding that Montana residents are working for a major out-of-state corporation but their insurance does not cover the illness of alcoholism. He said this imposes a hardship on the family.

Pat Callbeck Harper, representing the Montana Psychological Association, supports HB 823. She stated that HB823 was a key issue of concern for the association. She said that coverage for mental illness, alcoholism and drug addiction treatment appears to be offered to all Montanans, but in effect it is not if policies are written out-of-state. She said the MPA supports the closing of loopholes in Sections 4, 5, and 6. (Exhibit 1)

CLOSING

Rep. Squires summarized that HB 823 was a clarification of the existing laws regarding what group disability insurance covers. She said the bill is worded to provide the same protection the majority of Montana insureds enjoy. She asked for a do pass recommendation from the committee to provide equity to all Montanans.

HOUSE BILL NO. 828 - Rep. Ben Cohen, House District 47 Whitefish, presented HB 828. He explained the bill was an act to provide a means for compensation for persons who intervene in Public Service Commission proceedings. He said that interveners represent various consumers

would really pay the bill. Rep. Smith moved to TABLE. The motion carried 11-7 with 7 opposed.

ACTION ON HOUSE BILL 823

Rep. Driscoll moved DO PASS. The question was called. The motion carried with Reps. Swysgood and Brandewie opposed.

ACTION ON HOUSE BILL 66

Rep. Pavlovich explained the changes made by the Department of Revenue. He said the previous document did not show the changes. Rep. Pavlovich moved DO PASS HB 66. He moved the amendments to replace the old bill with the new bill. He said this would give the authority to the department of video poker machines to find out how many manufacturers and distributors there are in the state. He said the bill includes a $1,000 licensing fee. He said new machines must be checked and the manufacturer will pay for the checking by the department. The motion carried on the amendments unanimously.

Rep. Glaser said he was concerned that it was too broad. He said the department came up with an amendment on page 1, line 17, after the word "all" to add the word "proprietary". The motion carried unanimously.

Rep. Pavlovich moved DO PASS AS AMENDED. Rep. Simon asked about a licensed manufacturer getting approval and then the machine is not OK. What would the position be of the state. Rep. Pavlovich said the department would ask the manufacturer to remove the machine and fix it.

Rep. Driscoll clarified that the state checks machines to make sure they fit under the law. He said new machines can't be sold here until the department looks at them. If they fit under the law, the machine will be certified.

The question was called. The motion carried with Rep. Simon voting NO.

ACTION ON HOUSE BILL 623

Rep. Pavlovich moved to DO PASS. The motion failed on a 9-9 tie vote.

ACTION ON HOUSE BILL 719

DAILY ROLL CALL

BUSINESS & LABOR COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date February 20, 1987

NAME	PRESENT	ABSENT	EXCUSED
REP. LES KITSELMAN, CHAIRMAN	✓		
REP. FRED THOMAS, VICE-CHAIRMAN	✓		
REP. BOB BACHINI	✓		
REP. RAY BRANDEWIE	✓		
REP. JAN BROWN	✓		
REP. BEN COHEN	✓		
REP. JERRY DRISCOLL	✓		
REP. WILLIAM GLASER	✓		
REP. LARRY GRINDE	✓		
REP. STELLA JEAN HANSEN	✓		
REP. TOM JONES	✓		
REP. LLOYD MCCORMICK	✓		
REP. GERALD NISBET	✓		
REP. BOB PAVLOVICH	✓		
REP. BRUCE SIMON	✓		
REP. CLYDE SMITH	✓		
REP. CHARLES SWYSGOOD	✓		
REP. NORM WALLIN	✓		

CS-30

STANDING COMMITTEE REPORT

February 20 19 87

Mr. Speaker: We, the committee on BUSINESS AND LABOR

report HOUSE BILL NO. 823

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☐ as amended
☐ statement of intent attached

REP. LES KITSELMAN Chairman

FIRST WHITE reading copy (color)

EXHIBIT 1
DATE 2-20-87
HB 323

WITNESS STATEMENT

NAME [illegible] BILL NO. HB323

ADDRESS [illegible] DATE [illegible]

WHOM DO YOU REPRESENT? Montana Psychological Assoc

SUPPORT v OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The HB323 is a key issue of concern for the Mt. Psychological Assoc because of the continuing psychologists' concern that mandated coverage for mental illness, alcoholism and drug addiction treatment appears to be offered to all insurers, but in effect it is not if group policies are written out of State. We have enclosed handouts to explain further.

The MPA particularly supports the closing of these loopholes in Sections 4, 5 and 6.

Thank you.

MPA is an association of 100 psychologists practicing in public and private settings across the State.

CS-34

VISITORS' REGISTER

BUSINESS AND LABOR COMMITTEE

BILL NO. House Bill No. 823 DATE February 20, 1987

SPONSOR Rep. Carolyn Squires

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

CS-33

CHAIRMAN--SEN. ALLEN C. KOLSTAD
NORMAL SCHEDULE==> SITE: ROOM 410. DAYS: MON THRU FRI TIME: 10:00 A.M.

SECRETARY-CAROLYN LINDEN

BILL NO	REFER DATE	HEARING DATE	CONSIDERATION DATES	COMMITTEE ACTION	REREFERRED TO COMM	DATE OUT
HB0771 GLASER, BILL	2/23	3/17	3/17/87 REVISE SURPLUS LINES INSURANCE LAWS	CONCUR AS AMENDED		3/17/87
HB0796 DRISCOLL, JERRY	3/02		 LIMITING HOURS OF PLAY AND NUMBERS OF BINGO MACHINES; CAPPING LICENSE FEES		STATE ADMIN.	
HB0803 CAMPBELL, BUD	3/02	3/09	3/9/87; 3/10/87 REVISE INSURANCE AGENTS LICENSING LAWS	CONCUR		3/10/87
HB0806 PAVLOVICH, BOB	3/02	3/09	3/9/87; 3/10/87 REVISING MONTANA LIFE AND HEALTH GUARANTY ACT	CONCUR AS AMENDED	BUSINESS & LABOR	3/10/87
HB0806 PAVLOVICH, BOB	3/17	3/18	3/18/87; 3/23/87; 3/26/87 REVISING MONTANA LIFE AND HEALTH GUARANTY ACT	CONCUR AS AMENDED		3/26/87
HB0817 GLASER, BILL	3/13	3/20	3/20/87; 3/27/87 INDEPENDENT LIABILITY FUNDS FOR SMALL BUSINESS	CONCUR		3/27/87
HB0823 SQUIRES, CAROLYN	3/02	3/12	3/12/83; 3/16/87 REVISE LAWS RELATING TO DISABILITY INSURANCE	CONCUR AS AMENDED		3/16/87
HB0849 QUILICI, JOE	4/03	4/09	4/9/87 FUNDING FOR MONTANA STATEHOOD CENTENNIAL OFFICE	CONCUR		4/9/87
HB0862 WINSLOW, CAL	4/03	4/08	HEARING CANCELED MONTANA PROGRESSIVE DEVELOPMENT ACT		FINANCE & CLAIMS	
HB0863 WALLIN, NORM	3/25	3/31	3/31/87; 4/8/87; 4/9/87 NET INCOME TAX ON VIDEO POKER AND KENO MACHINES	CONCUR AS AMENDED		4/8/87
HB0905 WINSLOW, CAL	4/03	4/08	4/8/87; 4/9/87 PROMOTE ECONOMIC DEVELOPMENT THROUGH INVESTMENT IN NEW TECHNOLOGY	TABLED		TABLED 4/9/87

X

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

March 12, 1987

The thirty-third meeting of the Business and Industry Committee was called to order by Chairman Allen C. Kolstad on Thursday, March 12, 1987, at 10 a.m. in Room 410 of the Capitol.

ROLL CALL: All committee members were present.

CONSIDERATION OF HOUSE BILL NO. 823: Rep. Carolyn Squires, House District 58, Missoula, sponsor, said the bill would revise the laws relating to group disability insurance. This bill would make the health coverage for disabilities complete. Section 1 of the bill covers newborns, she told the committee. She explained the bill, section by section. She introduced Robert Throssell from the State Auditor's Office, who provided some clarification of the issue.

PROPONENTS: Robert Throssell, State Auditor's Office, submitted written testimony, EXHIBIT 1, and said that HB 823 was amendments to the existing health insurance law to provide for the same coverage that is provided for by individual policies. He went through his testimony with the committee.

Judith Carlson, Montana Chapter, National Association of Social Workers, complimented the auditor's office for responding to consumer complaints and strongly supported Rep. Squires' bill which would close the loophole for mental health services and provide equal treatment for insurers.

Holly Kaleczyc, representing the Montana Psychological Association, said they were very much in support of Rep. Squires' bill. She also appeared representing the Montana Mental Health Association for Joy McGrath and submitted written testimony. (EX. 2)

Mike Murray, Chemical Dependency Programs throughout the state of Montana, asked for support of the bill. He said they find, more and more, in their treatment programs, Montana residents who receive dependency treatment and the burden of paying for those treatments falls on the family rather than on the employer who is from out of state.

Steve Waldron, representing Montana's community Mental Health Centers, said he too, would like to compliment the auditor's office for responding to the consumer complaints which have been taken care of in this bill. It is an issue of fairness; it is unfair that some group insurance plans don't have to provide the coverage that most others do. He urged the committee to concur in the bill.

Margaret Crowley, Mental Health Centers in western Montana, urged support of HB 823.

Frank Lane, Eastern Montana Mental Health Centers, urged support of the bill.

John Nesbo, Mental Health Center in Billings, urged support of HB 823.

Dick Hruska, Director of the Mental Health Center in Great Falls, urged support of the bill.

David Briggs, Executive Director of the Mental Health Center in Helena, also urged support of HB 823.

Harold Gerke,Montana Mental Health Council, strongly urged the committee's support of HB 823.

W.V. Thibodeau, Vice Chairman of the Western Montana Mental Health Board, urged support of this legislation.

OPPONENTS: Tom Hopgood, representing the Health Insurance Association of America, said the Association opposed the bill. He said they had problems with sections 4 and 5 which would impose a requirement of extra care of correality on the mandated coverages for alcoholism, mental illness and drug addiction that are presently contained in the law. Mandatory coverage means that even though a person may not want or may not need or may not be able to afford that type of coverage, they have it. Unfortunately, this type of coverage is relatively expensive and even if he doesn't want it or need it he has to pay for it. He said it was the basic position of the Association that if a person, or a group, wants a basic type policy for its employees, it ought to be able to do that. On the other hand, it should be able to go out and get a more expensive type as well. They opposed making this type of coverage mandatory when it was introduced several sessions ago and they still oppose it. They felt that HB 823 takes a bad situation and makes it worse. He said they felt it was a bad bill, and at least sections 4 and 5 should not become law.

DISCUSSION OF HOUSE BILL NO. 823: Chairman Kolstad asked for committee questions. Sen.Williams asked Mr. Waldron what it would do to the bill if sections 4 and 5 were removed. He said there would still be some group plans that wouldn't have to meet Montana's mandated benefits and he didn't understand the concern over this covering non-Montana residents. It clearly says, on page 4, "to Montana residents". He said regulation of insurance is a state responsibility and the state can't regulate plans in other states. He also pointed out when the mandated law was passed, Blue Shield sent a letter out to all recipients of services saying they were going to expand their services to include mandated mental health and alcohol benefits and the premiums would not be raised. He did not think requiring the companies to provide these mandated coverages would cost so much they would not operate in the state.

Sen. Williams asked Mr. Waldron if he felt there would be no increase in premiums. Mr. Waldron replied that he knew of one company that provided the mandated coverage and their premiums did not increase one single cent because of those mandated benefits.

Sen. Boylan asked Mr. Hopgood why representatives of business weren't at the hearing to oppose the bill. Mr. Hopgood said the bill was introduced shortly before the transmittal deadline and his group did not even have knowledge of the bill before it came to the Senate and that was why they weren't involved in it in the House. As to the cost, he said, that mandatory coverage imposes on people an increase - a single person would increase $8.54 per year, a family would increase $21.57.

Sen. Weeding asked Mr. Hopgood if he had any language that would take care of the out-of-state employees he referred to in sections 4 and 5. Mr. Hopgood said he didn't have any prepared but he could do that and have it ready for the committee the following day.

Sen. Boylan asked how many states have this type of coverage. Mr. Waldron said he did not have the number but there were a number of states that do have this. Roger McGlenn, Independent Insurance Agents Association, said that the language in the bill comes from Massachusetts but he did not know the number of states.

Mr. Waldron said, because there is a mandated insurance law that covers most group claims in the state, people come in to the office for services and they say they have insurance and they receive the treatment; in the meantime the office is billing the insurance office and 30 days later they get a notice from the insurance company that they are not covered. This mandated coverage applies to group plans only. The client ends up being unhappy with the service provider and the insurance company.

Mr. Trossell of the Auditor's Office said, by law, they do not have the right to regulate health rates so he didn't have any basic figures or information on what the increase would be. He said the reason the bill was proposed was the number of people that this bill affects is very small. He said, currently, Blue Shield writes 70% of the premium business in the state so that 70% are already covered.

There being no further questions, Rep. Squires closed her presentation on HB 823, and said there was no opposition in the House. She said that since 70% of the people are already covered, this bill would close the loophole.

CONSIDERATION OF HOUSE BILL NO. 165: Rep. Jan Brown, House District 46, Helena, chief sponsor, said when the bill was first drafted they tried to amend the different sections of law,

ROLL CALL

Business & Industry COMMITTEE

50th LEGISLATIVE SESSION -- 1987 Date 3/12/87

NAME	PRESENT	ABSENT	EXCUSED
ALLEN C. KOLSTAD, CHAIRMAN	✓		
TED NEUMAN, VICE CHAIRMAN	✓		
PAUL BOYLAN	✓		
TOM HAGER	✓		
HARRY H. McLANE	✓		
DARRYL MEYER	✓		
GENE THAYER	✓		
MIKE WALKER	✓		
CECIL WEEDING	✓		
BOB WILLIAMS	✓		

Each day attach to minutes.

DATE 3/12/87

COMMITTEE ON Business & Industry

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
JUDITH H CARLSON	NASW, MT CHAPTER	823	X	
Robert V. Campbell	SPA - Advisory to MSPHA	HB 165	X	
Steve Waldron	Mental Health Centers	823	X	
John L Mudd	Mental Health Center - Billings	823	X	
Janet Ellis	Mont. Mtl. Hlth Council	823	X	
Dave Briggs	Mental Health - Helena	823	X	
Margaret K. Conley	Mental Health Center	823	X	
V. Theodore Lewis	Mental Health Center	823	X	
Dick Morrison	MENTAL HEALTH CENTER - GT. FALLS	823	X	
Dick Hunter	✓ ✓ ✓ ✓	823	X	
Ramona Dunduill	✓ ✓ ✓ ✓	823	X	
Vicki Mangold	✓ ✓ ✓ ✓	823	X	
Frank J. Farris	Eastern Mont. MH Ctr	823	✓	
Jon L. Moore	Health Ins Assoc. of America	823		X
Mike Murray	Chemical Dependency Program of MT	823	X	
ROBERT THROSSELL	STATE AUDITOR	823	X	
Holly Kaleczyc	MT Psychological Assoc / MT Mental Health Assoc for Children	823	X	
Robert H Likewise	MSPA	HB165	X	
Bill Warfield	Mental Health Services Inc (Board chm.)	823	X	
Bob Wiltz	Western States INS	240	X	
Roger McGlenn	Independent INS Agents Assoc of MT	240	X	
Cathy Gray	State Fund + WHIL	240	X	
Kathy Irigoin	State Auditor's office	240 499	X	
Ellen Feaver	Dept Bus Reg	240	X	
Bonnie L Lopez	Alliance for Seriously Mentally Ill	240	X	
Joshua C Hoyt				X

(Please leave prepared statement with Secretary)

Written Testimony In Support of House Bill 823
Senate Business and Industry Committee March 12, 1987
By Robert R. Throssell, Chief Legal Counsel
State Auditor and Commissioner of Insurance

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 1
DATE 3-12-87
BILL NO. HB 823

HOUSE BILL NO. 823

House Bill 823 was introduced at the request of the State Auditor by Representative Squires, House District 58. The bill passed the House of Representatives unanimously without amendment. It is an Act to Generally Revise The Law Relating to Group Disability Insurance. It amends various existing sections of group disability insurance law. The purpose of these amendments is to clarify the coverage under group insurance policies that is available to residents of this State.

Section 1 of the bill amends 33-22-504, MCA, which mandates newborn infant coverage. In the 1981 session the Legislature amended Section 33-22-301, MCA, of the code which provides coverage for newborns under individual policies of disability insurance. This amendment specified that the newborn infant of a child of the insured was covered upon proper notification to the insurer.

Most group policies provide coverage for the children of the insured. As such, the newborn of a child has been considered a person in the insured group. To avoid the possibility of coverage being denied, Section 1 of this bill eliminates the language "person in the insured group", and substitutes "covered under the policy". In this manner the newborn infant of a child of a person who is part of a group disability policy will be automatically covered upon proper notification to the insurer.

Section 2 amends Section 33-22-508, MCA, the statute granting conversion rights. Currently the right to convert to an individual policy exists when the member ceases to be part of the group because of the termination of his employment or as a result of his employer discontinuing business. The proposed change would include a third occurrence in the situation of the employer discontinuing the group disability insurance policy and does not provide for any other group disability insurance or plan.

This bill in no way changes the types of policies that an insurer must offer to a person wishing to convert. The only change is that a new condition for triggering the conversion rights is placed in the statute. Also a restriction is placed on the conversion right that the employer must not offer any other group disability insurance. This limitation will prevent an employer from dropping group coverage to force a member of the group with high medical expenses off the plan and then providing new group coverage for which that person would not qualify. This type of adverse selection is not fair to the employee or the insurer who must offer the individual policy.

Section 3 of the bill amends Section 33-22-509, MCA, which provides for the inclusion of preexisting conditions when conversion takes place. Section 3 includes as a preexisting condition the pregnancy of the insured, the insured's spouse or dependents covered by the group contract at the time of conversion. This additional language makes it clear that pregnancy is a preexisting condition that must be included as part of the conversion right.

Sections 4, 5 and 6 of the bill deal with the mandated coverage for mental illness, alcoholism and drug addiction. As the law is currently written, coverage for mental illness, alcoholism and drug addiction must be made a part of all group policies delivered or issued for delivery in this state. The terms delivered or issued for delivery are specific insurance terminology referring to the place where the contract is actually delivered to the purchaser or where the insured produces the document for issuance to the insured. With group policies that does not necessarily mean a policy is actually issued or issued for delivery in this state.

A multi-state employer with headquarters in another state may, as part of its agreement with its employees, purchase group disability insurance. The insurer would issue for delivery the policy in its home state. The employer, who under a group insurance policy is the insured, is also located in another state. All that employees of the company who reside in Montana will receive is a certificate briefly outlining their coverage. Under insurance law they are not considered the insureds and therefore are not issued or delivered a policy. The result is that Montana residents who happen to work for a multi-state company do not receive the mandated mental illness, alcoholism and drug addiction coverage that the statute specifies.

The proposed changes address the issued or issued for delivery question by making the mandated mental illness, alcoholism and drug addiction coverage apply to residents of this state. As such, any group contract which is entered into must include this coverage for Montana residents.

The other situation that the changes address is that of an employer under federal law operating a self-funded insurance program. The state of Montana cannot mandate that the employer make available the mental illness, alcoholism or drug addiction coverages if the employer is following federal law. Federal law does not have a corresponding mandated coverage provision. This bill attempts to address the situations where an employer operating a self-funded program purchases umbrella or excess limits coverage from an insurer. Any insurer who is selling disability policies is regulated by the state of Montana and

SENATE BUSINESS & INDUST.
EXHIBIT NO. 1
DATE 3-12-87
BILL NO. H.B. 823

would be mandated to provide the mental illness, alcoholism and drug addiction coverages. Since the insurer at the excess level must provide these coverages, the benefits of the mandated coverages would be available to employees.

The proposed changes will not guarantee that all Montanans will receive the protection of the mandated benefits. There will still be situations where an employer operating under federal law can avoid making these mandated coverages available. There is nothing the state can do to preempt Federal law from allowing this to occur. The changes proposed by the bill are an attempt to make mandated coverage of mental illness, alcoholism and drug addiction available to the largest number of Montana residents.

In summary House Bill 823 is a clarification of the existing laws of the State of Montana regarding group disability insurance coverage. The various sections of the bill modify existing statute in an effort to provide the same protections to all Montanans a majority of the citizens currently enjoy.

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 1
DATE 3-12-87
BILL NO. H.B. 823

NAME: Holly Kaleczyc DATE: 3/12

ADDRESS: 520 Monroe, Helena Mt 59601

PHONE: 443-7736

REPRESENTING WHOM? Mt Psychological Assoc
Mt Mental Health Assoc. (for Jay McGrath)

APPEARING ON WHICH PROPOSAL: HB 823

DO YOU: SUPPORT? X AMEND? _____ OPPOSE? _____

COMMENTS:

(1) Mt Psychological Association & Mt Mental Health Assoc. urges this committee to adopt HB823 to close a technical loophole which has continued to place serious hardship on Mt Consumers.

Mt employees should have equal opportunity to good insurance ~~coverage~~ coverage.

Out of state insurance companies should fall under same regulations as Mt insurance companies.

Thank you.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 2
DATE 3-12-87
BILL NO. HB 823

He has talked with Representative Gould about working out some more amendments.

OPPONENTS: There were no opponents to House Bill No. 586.

DISCUSSION ON HOUSE BILL NO. 586: There were no questions from the committee.

Representative Gould closed by saying that HB 586 is a good bill and Mr. Blewett, Mr. Tippy and himself will work on the amendments. He asked the committee to please wait to take action on the bill until some action has been taken on Representative Harrington's Bill. Representative Harrington's bill would take the state out of the liquor business.

HOUSE JOINT RESOLUTION NO. 32: Representative John Vincent, the chief sponsor of HJR 32, is out of town and this bill will have to be rescheduled at a later date.

EXECUTIVE ACTION ON HOUSE BILL NO. 626: This bill would limit causes for landlord's recovery of treble damages. Representative Fritz of Missoula is the chief sponsor of HB 626.

A motion was made by Senator Walker and seconded by Senator McLane that HB 626 Be Concurred In.

Senator Meyer stated that he has a number of rentals in Great Falls and he has never charged anybody treble damages. Perhaps this is done some places.

Senator Kolstad stated that he does not think that this is used very often.

MOTION: A substitute motion was made by Senator Boylan that HB 626 BE TABLED. Seconded by Senator Neuman. Motion carried with Senators Thayer, Kolstad, Neuman, Boylan, Williams, and Meyer voting "yes", and Senators Walker, McLane, Hager, and Weeding voting "no".

EXECUTIVE ACTION ON HOUSE BILL NO. 823: This bill sponsored by Representative Squires would revise laws relating to disability insurance.

Mr. Hopgood offered amendments which would insure that these mandatory provisions in policies apply only to Montana residents. He offered further that he had shown the amendments to someone from the commissioner's office and he discussed the same with Representative Squires. These amendments are acceptable to the commissioner's office and he thought also with Representative Squires. (EXHIBIT 6)

He offered further amendments which would leave the law the way it is.

Senator Walker stated that he had talked with Representative Squires this morning and the first amendment offered by Mr. Hopgood is acceptable to her.

Senator Boylan asked Mr. Hopgood if he would be a proponent of the bill if the committee decided to only accept the first amendments which he offered. Mr. Hopgood stated that he would not be a proponent, if this is the only group of amendments which are accepted.

MOTION: A motion was made by Senator Thayer to accept the first group of amendments submitted by Mr. Hopgood, seconded by Senator Walker. Motion carried.

Senator Kolstad asked the committee to look at the second set of amendments presented by Mr. Hopgood.

Senator Boylan asked Mr. Hopgood if there is any reason for printing the bill if these amendments are accepted. Mr. Hopgood replied that are some other provisions in the bill which deal with maternity benefits and some other minor provisions as well.

Senator Boylan asked if this bill will increase the cost of doing business in the state of Montana. Tanya Ask from the Auditor's Office replied that she did not think the cost of doing insurance business in the state would be increased by this bill.

MOTION: A motion was made by Senator Meyer that the committee give HB 823 as BE CONCURRED IN, AS AMENDED recommendation. Seconded by Senator McLane. All senators present voted "yes" with the exceptions of Senators Boylan and Neuman. Motion carried.

Senator Gage will carry this bill on the floor of the Senate.

EXECUTIVE ACTION ON HOUSE BILL NO. 66: House Bill No. 66 by Representative Bob Pavlovich is an act to license manufacturers and distributors of video poker machines.

MOTION: A motion was made by Senator Thayer and seconded by Senator Meyer that House Bill No. 66, BE CONCURRED IN. Motion carried with all the senators present voting "yes" with the exception of Senator Boylan who voted "no".

Senator Lynch will be contacted to carry this bill on the floor of the Senate.

Business & Industry COMMITTEE

50th LEGISLATIVE SESSION -- 1987 Date 3/16/87

NAME	PRESENT	ABSENT	EXCUSED
ALLEN C. KOLSTAD, CHAIRMAN	✓		
TED NEUMAN, VICE CHAIRMAN	✓		
PAUL BOYLAN	✓		
TOM HAGER	✓		
HARRY H. McLANE	✓		
DARRYL MEYER	✓		
GENE THAYER	✓		
MIKE WALKER	✓		
CECIL WEEDING			✓
BOB WILLIAMS			✓

Each day attach to minutes.

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 6
DATE 3-16-87
BILL NO. HB 823

AMENDMENTS
HB 823

1. Page 4, line 2.
Following: "offered"
Insert: "in"
Strike: "to"

2. Page 4, line 2.
Following: "Montana"
Strike: "residents"

3. Page 4, line 19.
Following: "contracts"
Strike: ","
Insert: "offered in this state,"

STANDING COMMITTEE REPORT

MARCH 16, 19 87

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration HOUSE BILL No. 823

THIRD reading copy (BLUE color)

SQUIRES (GAGE)

REVISE LAWS RELATING TO DISABILITY INSURANCE

Respectfully report as follows: That HOUSE BILL No. 823

be amended as follows:

1. Page 4, line 16.
Following: "provide,"
Insert: "for Montana residents covered"

AND AS AMENDED,

BE CONCURRED IN

~~DO PASS~~

~~DO NOT PASS~~

SENATOR ALLEN C. KOLSTAD, Chairman.